BEYOND THE UNIFORM: A LOOK AT TODAY’S VETERAN CONSUMERS
FOREWORD

Did you know that one in ten Americans is a United States veteran? If you didn't, you're not alone. Many people (and big brands) don't actually know the veteran next door.

This report attempts to shine light on who these brave Americans are, where they live and to offer a glimpse into their post active duty lives.

This data highlights the consumption habits and preferences of the veteran community—what they buy and how they interact with media. It also can illustrate the nuances and approaches that advertisers should consider in order to effectively reach these consumers and their supporters across the general population.

The reality is the profile of the American veteran is changing, as women and ethnic minorities continue to enlist at higher numbers. Geography is also important to understand when it comes to engaging these Americans. There are many factors that play a role in where veterans live—from base proximity and post active duty job opportunities to access to veteran services and home ownership costs. Military households tend to lean into traditional mediums for information and entertainment, but they also use social media and digital platforms just as voraciously as the general population to stay connected with friends, family and fellow veterans all over the world.

In an effort to honor the importance of recognizing and engaging veterans and military families, we decided to take a deeper look at their consumption to ensure that the companies and brands making product and content decisions will begin to think about the unique needs of these Americans, as well.
EXECUTIVE SUMMARY

Veterans are a unique consumer group who offer marketers opportunities to either create brand awareness or extend their existing relationships with these consumers. With today’s population at nearly 20 million across the U.S., the marketing appetite is here now as this group offers distinct consumer habits as they fold back into their everyday lifestyles after their service terms end.

DIVERSITY ON THE FRONT LINES

As times have begun to change, the gender, ethnic and racial gaps that are closing overall nationally, are having the same effect in the military. According to the National Center for Veteran Analysis and Statistics (NCVAS), 24% of veterans are multicultural and 10% are women. With more women serving and taking on larger roles and greater responsibility in the military, the number of women veterans will continue to grow and is expected to be 12% of the entire veteran population by 2028.

WESTERN AND SOUTHERN U.S. LOCATIONS ARE APPEALING

Geographically, 50% of all veterans live in the Top 10 most populous states as of last year. California, Texas, Florida, Pennsylvania and Ohio round out the top five states, however, future projections indicate that the Western and Southern regions of the U.S. will have the most highly concentrated areas of veteran residents, according to NCVAS.

TRADITIONAL MEDIA IS PREFERRED

With so many media platform choices for consumers, veterans tend to stay loyal to traditional mediums. Veterans are 38% more likely to watch television and 25% more likely to read the newspaper than the average U.S. adult according to Nielsen Scarborough. However, veterans have shown to be on par with other U.S. adults for visiting social networking sites and other internet sites and/or apps.

MILITARY STORES PROVIDE A UNIQUE SHOPPING EXPERIENCE

Veterans are heavy spenders, but are less likely to shop at traditional grocery store outlets. Grocery makes up just 36% of a veteran household’s share of wallet, compared with 44% for the average U.S. household. Not surprisingly, 6% of veterans’ overall dollars are being diverted to military stores where special discounts and promotions are available and often times taxes are not applied to purchases.
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SECTION I
THE STATE OF U.S. VETERAN CONSUMERS
WHO IS TODAY’S VETERAN?

There are just under 20 million veterans in the U.S. today. That number is expected to decrease to just about 13 million over the next 20 years. However, while the overall population declines, the percentage of multicultural and women veterans is on the rise, reflecting broader American demographic trends and resulting in the most diverse veteran community the U.S. has ever seen.

According to the NCVAS, 24% of veterans are multicultural and 10% are women. With more women serving and taking on larger roles and greater responsibility in the military, the number of women veterans will continue to grow and is expected to be 12% of the entire veteran population by 2027. As of 2016, veterans who served during the Gulf War period, in the early 1990s, made up the largest portion of the population.

Geographically, 50% of all veterans live in the Top 10 most populous states as of last year. California, Texas, Florida, Pennsylvania and Ohio round out the top five states, however, future projections indicate that the Western and Southern regions of the U.S. will have the most highly concentrated areas of veteran residents, according to NCVAS. With a significant number of naval bases and military installations, these regions are a natural fit for service members separating from their respective branches. They tend to settle down in these areas having already started to put down roots or have grown close to the community during their enlistment period(s).

WHERE VETERANS LIVE

<table>
<thead>
<tr>
<th>Rank</th>
<th>2018</th>
<th>2028</th>
<th>2038</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>California</td>
<td>Texas</td>
<td>Texas</td>
</tr>
<tr>
<td>2</td>
<td>Texas</td>
<td>California</td>
<td>Florida</td>
</tr>
<tr>
<td>3</td>
<td>Florida</td>
<td>Florida</td>
<td>California</td>
</tr>
<tr>
<td>4</td>
<td>Pennsylvania</td>
<td>N. Carolina</td>
<td>N. Carolina</td>
</tr>
<tr>
<td>5</td>
<td>Ohio</td>
<td>Virginia</td>
<td>Virginia</td>
</tr>
<tr>
<td>6</td>
<td>New York</td>
<td>Georgia</td>
<td>Georgia</td>
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<tr>
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<td>N. Carolina</td>
<td>Pennsylvania</td>
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<td>Virginia</td>
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<td>9</td>
<td>Georgia</td>
<td>New York</td>
<td>Washington</td>
</tr>
<tr>
<td>10</td>
<td>Illinois</td>
<td>Washington</td>
<td>New York</td>
</tr>
</tbody>
</table>

50% OF VETERANS RESIDE IN THE TOP 10 STATES.

VETERANS ARE MOVING TO THE WEST AND SOUTH.
U.S. VETERANS AT A GLANCE
THERE ARE JUST UNDER 20 MILLION VETERANS IN THE U.S. TODAY

GENDER
WOMEN MAKE UP 10% OF THE CURRENT POPULATION

ETHNICITY
24% NOT WHITE WITH 13% BLACK AND 8% HISPANIC OR LATINO

AS OF 2018,
GULF WAR ERA VETERANS MAKE UP THE LARGEST COHORT

A VETERAN’S DAY IN THE LIFE

Despite their differences, veterans are more likely than the average American to engage in certain activities than their peers. With much of the veteran population tending to either originate from or settle in more rural parts of the country, we see a tendency for this community to gravitate towards the outdoors. According to Nielsen Scarborough research, 26.5% of veterans spend their free time fishing, making them 27% more likely to participate in the activity than the average American.

Considering their standard training and incremental exposure to and familiarity with various firearms, veterans are 68% more likely to participate in various hunting activities and excursions than the general U.S. population.

Perhaps the result of their proximity to warm weather locales and wide open regions, veterans are 44% more likely to participate in golfing activities.

Veterans are 58% more likely to attend NASCAR races and 10% more likely to attend minor league baseball games. This would appear to correlate to the high percentage of veterans in regions where both of these sporting events would tend to be more popular than in other parts of the country.

Given their sense of service and dedication to the ideals on which America was founded, veterans are highly-active when it comes to their civic duties. Eighty-three percent of veterans always vote in presidential elections and 63% always vote in statewide elections, making them 16% and 35% more likely to do so than the average U.S. adult.
SECTION II
REACHING VETERAN CONSUMERS
VETERANS’ MEDIA USAGE

With so many media platform choices for consumers, veterans tend to stay loyal to traditional mediums. Veterans are 23% more likely to be heavy viewers of television and 12% more likely to be heavy readers of newspapers than the average U.S. adult according to Nielsen Scarborough. Further, 57.8% of veterans say they typically watch movies on television, 54.2% the local evening news, and 42.3% documentaries. And 50.3% say they read the main news/front page section of the newspaper. Veterans are also avid traditional radio listeners, as 25% listen to the news/talk format, 20.2% country and 19% adult contemporary. Marketers and recruiters seeking to reach veteran consumers should strongly consider these when placing advertisements.

Going back to the original World War I recruitment poster of Uncle Sam stating "I Want You for the U.S. Army," the nation's military branches have used a variety of media platforms for advertising—mainly television for recruitment purposes and messaging. The lion's share (81%) of military recruitment has appeared on television while 10% has appeared on digital platforms. While the bulk of the advertising for all higher education university and any employment sector recruitment has appeared on television, digital has seen some gains in these areas. Both university and employment recruitment has used digital platforms at 15% compared to 10% for military recruitment messaging.

The digital space could be an opportunity for military recruitment to expand their advertising efforts. According to the most recent Nielsen Ad Intel data, in 2017 university and employment advertising spend outpaced that of the military. During this time period, university recruitment spend averaged over $95 million a month compared to the military’s average of $20 million. This difference perhaps indicates smaller advertising budgets for the military where a shift to digital could help improve their ROI.

In fact, even though veterans are heavy users of traditional mediums, they are also inclined to spend time using and visiting social media networking sites as well as other websites and apps. Nearly one-fifth (18.8%) of veterans say they spend one to two hours in an average day on social networking sites (on par with total adults in the U.S.) In addition to a penchant for social networking, veterans also turn to the internet/apps for search engines, career/job seeker sites, video content, sports, banking and national news.
MILITARY RECRUITMENT ADVERTISING IN 2017 HAS MAINLY BEEN ON TV, WHILE EMPLOYMENT RECRUITING HAS EMPLOYED MORE DIVERSE TACTICS

RECRUITMENT AD SPEND DISTRIBUTION BY MEDIA TYPE 2017

<table>
<thead>
<tr>
<th>Media Type</th>
<th>TV</th>
<th>Digital</th>
<th>Magazine</th>
<th>Newspaper</th>
<th>Radio</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Recruitment</td>
<td>62%</td>
<td>15%</td>
<td>4%</td>
<td>6%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>Military Recruitment</td>
<td>81%</td>
<td>10%</td>
<td>6%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Employment Recruitment</td>
<td>24%</td>
<td>17%</td>
<td>5%</td>
<td>40%</td>
<td>14%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Nielsen Ad Intel, 2017
REACHING VETERANS AND ACTIVE MILITARY MEMBERS

As the country's appreciation celebrations for veterans continue to be at the forefront, not just during the national holidays, Memorial Day and Veteran’s Day, advertisers are paying attention and have special curated messages to reach veterans, active duty members and their supporters among the general population.

According to Nielsen’s TV Brand Effect data, ads from Navy Federal Credit Union, USAA and the U.S. Navy are highly memorable among People 18+. An ad from the U.S. Navy titled “100%” particularly resonated with viewers. It had a 56% ad memorability rating which is the percentage of an ad’s natural in-home viewers who are able to remember or retain its content the next day. Another U.S. Navy commercial spot, “Around the World,” debuted in 2011 and has been on television consistently since that time and has been viewed over 10.8 billion times since its first time airing.
SECTION III
THE VETERAN SHOPPING CART
WHERE VETERANS SHOP

While veterans are heavy spenders, they’re less likely to shop at grocery stores than other Americans. Grocery makes up just 36% of a veteran household’s share of wallet, compared with 44% for the average U.S. household. Not surprisingly, 6% of veterans’ overall dollars are being diverted to military stores.

Nevertheless, grocery retailers have the opportunity to win back veterans and their families by understanding who these consumers are and what they’re shopping for. With just under 20 million veterans in the U.S., it’s important for retailers, as well as brands and advertisers, to understand the unique needs of today’s veterans to better reach these important consumers.

VETERAN HOUSEHOLDS SPEND 13% MORE ($4,478) THAN THE AVERAGE U.S. HOUSEHOLD AND TAKE 7% MORE SHOPPING TRIPS (128 ANNUALLY).

Source: Nielsen Homescan Panel 52 weeks ending 12/30/17; Nielsen Blue Book Hierarchy - Total Line; Total U.S.; Veteran Households
WHAT’S IN THE SHOPPING CARTS

When looking at what veterans are purchasing, there are a few categories that stand out. Vitamins, office and school supplies, coffee, and oral hygiene are all categories where households headed by veterans spend more than the average U.S. household. In contrast, veteran households spend less on frozen pizza and snacks, yogurt, breakfast foods, and cereal.

VETERAN HOUSEHOLD VS. TOTAL U.S. HOUSEHOLDS

% DIFFERENCE IN CATEGORY SPENDING (ITEM BUYING RATE)

Source: Nielsen Homescan Panel 52 weeks ending 12/20/17; Nielsen Blue Book Hierarchy; Total US – All Outlets Veteran Households
Household demographics such as the age of adult and presence and age of children drive consumption of these categories. Frozen pizza and snacks, yogurt, breakfast foods, and cereal skew towards households with young children, while older households spend more than the average household on vitamins, office and school supplies, coffee, and oral hygiene. Given the current demographics of veteran households, it follows that they are spending more on the categories that skew toward older households without children.

**WHAT DO THEY BUY?**

Older households without children, like veteran households, skew towards the categories of Oral Hygiene, Coffee, Stationery, & Vitamins.

**TOTAL DOLLARS PER 100 HOUSEHOLDS INDEX**

(CATEGORY SKEWs BY DEMOGRAPHIC)

Source: Nielsen Spectra 2018 Jan
CONCLUSION

The demographic makeup of the U.S. veteran population is mirroring the increase in diversity we've observed in the overall U.S. population. Companies hoping to make meaningful connections with these informed, active and civically engaged consumers must create culturally relevant messaging that conveys an understanding of the differences in veterans' backgrounds while also taking into account the experiences that unite veterans in their post-active duty lives.

Veterans are more inclined to use traditional media platforms like TV and newspapers. They are also more likely than the total population to participate in outdoor activities like fishing and hunting, which shows a proclivity for time-honored forms of entertainment.

However, nearly one-fifth of veterans say they spend one to two hours per day on social networking sites, and rely on the internet for search engines, career sites, video content, sports, banking and national news. This presents an opportunity for companies to reach veterans on digital platforms that offer greater ROI compared to traditional platforms. This is especially true for military recruitment advertising, where 81% of dollars spent are spent on TV.

While veterans are heavy spenders, spending 13% more annually than the average U.S. household, they are less likely to shop at grocery stores. There is an opportunity for grocery retailers to connect more deeply with veterans, and our report shows that their shopping preferences are heavily influenced by the state of their households (presence of children, age, etc).

In order to effectively reach veteran consumers, brands, advertisers and companies must be able to anticipate what's next and gain an understanding of the trends that are driving content and product consumption. Nielsen, via the insights in this report, has shown that veterans are far from a monolithic group that is growing more diverse by the year.
METHODOLOGIES

NIELSEN TV BRAND EFFECT

TV Brand Effect measures day-after, viewer-level retention of television ads through a Nielsen syndicated survey panel. Viewers are exposed in their natural media environment and then surveyed the day after to evaluate 1) the engagement of the TV program and 2) the recall and attitude toward advertisements and product integrations. Panelists have 24 hours to answer questions about what they were exposed to, allowing real-time measurement of true in-market exposures. A campaign’s strength is defined by how well the ad’s viewers answer questions relating to five key metrics: Breakthrough (What happened in the ad?), Branding (What was being advertised?), Messaging (Why should I buy the product?), Likeability (How much did I like the ad?), Purchase Interest (Am I more likely to buy the brand?). Data for this report is based on 2017 database results of Armed Forces related TV advertising among Persons 18+.

NIELSEN SCARBOROUGH

Scarborough uses a two-stage probability sample design. In the first stage a random sample of households is selected from Survey Sampling Inc’s (SSI) Random Sample A Frame or Address-Based Sample (ABS) Frame. In the second stage a random respondent is selected in each sample household. The USA+ database includes all syndicated in-tab from the 77 markets plus in-tab collected in nine census divisions (referred to as Balance of US). Each census division is made up of DMAs®. Each DMA is treated as a county for processing purposes. One sampling stratum, the DMA, is defined for the Balance of US sample. Scarborough’s sample representative and projectable to total Adults 18+ in the U.S. Fieldwork is executed in 6-month increments and is reported in both 6-month and rolling 12-month databases (current 6 months plus prior 6 months). Data for this report is based on Scarborough USA+ RI 2017 data from the following period: December 2015 - April 2017. Veterans are identified as: Current or Former Military Service and not currently in a Military Specific Occupation.

NIELSEN AD INTEL

Ad Intel provides advertising activity for 23 media units and expenditures. Ratings are available for all television media types using Nielsen ratings. Ratings are also available for digital, local, and national internet, national magazine using MRI data, and for local radio using Nielsen Audio data. The ratings can be linked to occurrences by company, brand and product category. Data for this report is based on 2011-2017 total ratings points for Persons 18+ and recruitment category media advertising expenditures from 2016-2017.
NIELSEN HOMESCAN

The Homescan national panel consists of a randomly dispersed sample of households that is intended to be representative of, and projectable to, the Total U.S. market. Panel members use handheld scanners to record items with a UPC code purchased from any outlet. Data for this report is based on Homescan panel data from the following period: 52 weeks ending September 15, 2018. Veterans self-identified through a survey administered to the panel during October 2017.

ACKNOWLEDGEMENTS:

The SERV Thought Leadership team would like to thank our veteran colleagues for the value and contributions they make to the Nielsen organization every day. These associates - and their families - have made tremendous sacrifices in service to a purpose greater than themselves. This first-ever DIS report on the veteran community is a tribute to their leadership and service to our society and company.

We would also like to thank the HeroZona Foundation team, who collaborated with us on the release of this report at the 2018 Heropreneur National Veteran Business Summit in Phoenix, AZ. We'd specifically like to thank Alan “AP” Powell, Aaron Bare and Heath McCarter.
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ABOUT NIELSEN

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